

Dear Moritz,

Thank you for the opportunity to comment on your consultation: *Meters installed under warrant* dated 3rd July 2017.

First, please note that the draft gas licence conditions provided refers to a customer's *metal* capacity rather than *mental* capacity in paragraph 28B.1.

A definition of *mental capacity* would be useful; is the intention that it covers individuals with lower cognitive ability only, or individuals suffering from illness other psychological issues? If it is the former, as we have interpreted the draft licence, then we would suggest that *cognitive ability* may be a more appropriate, we use this alternative terminology below. A definition either way would still be useful given the prescriptive nature of the regulation.

Extraenergy recognise the importance of protecting vulnerable customers and offering supplementary services to meet the additional needs that they may have. We welcome Ofgem's move towards a principals based approach to licence conditions, but note that these amendments go against that standard. We do, however, appreciate that Ofgem will continue to provide prescriptive licence conditions where you consider consumer protection a high priority. We believe Ofgem should consider that the addition of any prescriptive regulation makes it increasingly challenging for smaller challenger suppliers to operate, especially when implemented alongside other industry change. We believe that prescriptive regulation should only be increased where absolutely necessary.

Ofgem will be aware that energy customers are diverse. We believe that prescriptive regulation cannot easily consider all the variations and customer needs that exist. We would suggest that principals based regulation allows for a more flexible case by case assessment of customers' vulnerability and their requirements. We would agree that prescriptive regulation may be required to protect consumers with lower cognitive capacity. Other scenarios should be covered with a principle based approach which would allow suppliers to make a case by case assessment of a customer's vulnerability.

It should be noted that to date, extraenergy has never insisted that a customer have a prepayment meter installed and has not obtained a warrant for such an installation. While extraenergy would like to see Ofgem continuing to amend Licence Conditions in line with a principal based approach we make the following comments on the suggested prescriptive licence amendments.

We recognise that consumers whose cognitive ability is a barrier to them engaging with their supplier, including communications regarding the need to install a prepayment meter, should be protected from warrant costs. We also agree that where cognitive ability may result in an unacceptable level of stress when force fitting a prepayment meter that such an installation is inappropriate. While the PSR will be a valuable tool to help identify vulnerability, suppliers do not have the medical skill set required to determine when a consumer's cognitive ability begins to impact on their ability to engage or when the stress caused by force fitting a prepayment meter is unacceptable, other than identifying serious vulnerability. We would recommend the industry consider the use of databases where individuals are registered, by their local authority, under the Mental Capacity Act to determine whether a warrant to force fit a prepayment meter is appropriate or not. Ofgem should not that the costs to serve these customers, including continued energy supply, would need to be socialised.

Ofgem and industry will appreciate that the accumulation of debt does not necessarily equate to vulnerability, nor does it necessarily develop as a result of vulnerability. Where a customer's cognitive ability is sound and they have chosen not to engage with their supplier on debt repayments or the installation of a prepayment meter suppliers should be able to charge actual warrant costs and include this in any repayment plan. We believe financial vulnerability is an important consideration when deciding and agreeing a repayment plan but that it should not influence the charging of additional costs caused by a cognitively sound consumer. A warrant cost cap may also incentivise these customers to continue their disengagement with their supplier and result in a higher debt volume, which could result in them having greater debts in the long term and increase their financial vulnerability. We remain concerned that some consumers may *play the system* as a way to continue non-payment of their energy cost, including feigning cognitive vulnerability. These amended licence conditions would also result in costs being socialised across all customers which we believe is unfair for those customers who may have financial difficulties, but who have taken steps to engage with their supplier early to limit the increase of their debt.

In summary, extraenergy believe that a principal based approach to regulation will allow for a fairer case by case assessment of a customer's vulnerability. We recognise that vulnerable consumer protection is an essential part of providing a socially responsible service, and we work to ensure this group of consumers are appropriately protected. We agree that forcibly installing a prepayment meter may, in some circumstances, cause stress beyond that which is reasonably acceptable. We do not agree that a cap set below actual costs is acceptable for consumers who have actively evaded payment where their supplier has actively sought to provide a solution, and where the consumer has consciously disengaged with their supplier; this additional cost will be socialised by suppliers and we believe that it is unfair (and inconsistent) to burden someone who deals with their position sensibly, with support from their supplier, with the cost of subsidising someone who chooses not to engage at all.

Regards,

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